Dedicated to my daughters
Cori and Mae

Global Formation

Structures of the World-economy

Christopher Chase-Dunn

Basil Blackwell

linear relationship between middle-class strength and authoritarian regimes. A middle class may be strong enough to press political demands, but not sufficiently strong to resist the opposition which such demands engender.

The growing scale of economic production has stimulated greater involvement of states in the economy and the increasingly frequent use of the ideology of corporatism. As local economic circuits become more completely integrated into national and international networks, states come to be the only organizations which are large enough to exert leverage in the economy. Corporatist ideology, the notion of an interclass organic unity of interest which is mediated by the state, takes many forms. In semiperipheral countries both the bureaucratic authoritarian and populist democratic regimes have utilized corporatist ideology.

Some of the apparently contradictory implications of case studies of particular states with the analysis of states located in the core/periphery hierarchy may result from confusion between different types of comparison. Many case studies compare a state to itself at an earlier point in time, whereas world-system studies most often compare states to one another. Thus a state may indeed gain in internal strength relative to itself, as Evans and O'Donnell have claimed for Brazil, but not much change its level of internal strength compared to other states. Another possible example of this is Evans's "externally strong, internally weak" characterization of core states which export a lot of capital (see page 112 above). There is considerable evidence that all states are increasing their powers *vis-à-vis* internal opposition, but that core/periphery differences in internal state strength are not changing. This contention is supported by table 6.1 and other findings. John Boli has shown that state authority *vis-à-vis* other groups in society, as formalized in national constitutions, has increased since 1870 in core, semiperipheral, and peripheral states (Boli, 1979: table 13.5). Thomas et al. show that the centralization of regimes has increased in peripheral and semiperipheral regions since 1950, but this has not occurred in core countries, which remain much less centralized and exhibit no trend (Thomas et al. 1979: figure 11.2).

To summarize, I have argued that core states are stronger internally and externally than peripheral states, and that they are more democratic. These features of states are thought to result from a combination of several world-system processes interacting with nation-building, state-formation, and class struggles. Only further comparative research can place weights on these various factors and settle matters of controversy. The matter of internal state strength needs further conceptual clarification and empirical operationalization, as does the relationship between state strength and regime form. For now we have established for certain that important characteristics of states are associated with their position in the larger world-system. Let us now turn to the analysis of a larger structure, the interstate system which is composed of these contending and unequally powerful states.

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Geopolitics and Capitalism: One Logic or Two?

As we have seen in previous chapters, the focus on the world-system has raised anew the issue of the relationship between economic and political processes in the capitalist mode of production. This has coincided with a new emphasis on the autonomy of political processes by neo-Marxists seeking to correct the overemphasis on economic determinism in earlier Marxist analyses.[1] While focusing most directly on the capitalist state and class relations within the core of the world-system, Nicos Poulantzas (1973) and Perry Anderson (1974) have stressed the autonomy of political processes and the "relative autonomy" of state managers from determination by capitalist class interests.[2] This emphasis on the autonomy of politics, long central among political scientists, has been extended to a critique of the alleged "economism" of the world-system perspective. At the international level this critique argues that geopolitics is an autonomous game in its own right which can be understood separately from an analysis of world economic structures. Theda Skocpol (1977, 1979) is the neo-Weberian sociologist who has most explicitly made this argument, but it has also been made by several political scientists who share a statecentric approach to social science, e.g. George Modelski (1978), Aristide Zolberg (1981), and Kenneth Waltz (1979).

All these authors claim that Immanuel Wallerstein has reduced the operation of the "international" system to a consequence of the process of capitalist accumulation. Indeed some have contended that geopolitics and state-building are themselves the main motors of the modern world-system (e.g. Winckler, 1979; Gilpin, 1981). Here I will argue that the capitalist mode of production exhibits a single logic in which both political–military power and the appropriation of surplus value through production of commodities for sale on the world market play an integrated role. This chapter discusses a metatheoretical issue, and presents an argument about the interdependence of the interstate system and the capital accumulation process.

First I will present a case for a change in terminology. The world-system

scholars of the Braudel Center have employed the term "interstate system" in their discussions of geopolitics. The term most frequently used by other students of geopolitics is "international system." The units which compose the system I wish to focus upon are states, not nations. In addition to nation states, in which the state encompasses and represents a single "nation" (in the sense of a national community of culture-sharing people) there are modern states which represent only part of a nation (e.g. South Korea) and other states which rule over several nations. The phenomenon of nations and the processes of nation-building are certainly related to states and the interstate system, but this important distinction ought not to be confused by our terminology. *Interstate system* refers exclusively to the relations (economic, political, social, and military) among the formal organizations which monopolize legitimate violence within a specified territory. Interstate systems as entities themselves vary historically as to the kinds of states which compose them, the relative distribution of power among states within them, and the nature of the institutions which regulate relations among the states. In this chapter we are focusing on a particular interstate system, the one which emerged in Europe in the long sixteenth century, and which has subsequently spread to encompass the earth.[3]

A METATHEORETICAL ISSUE

In this chapter, rather than arguing at a metatheoretical level about economics, politics, and political economy in general, I shall ground the discussion in the particular processes which have been operating in the capitalist world-economy since the sixteenth century. But before I advance arguments for my contention that the interstate system and the capitalist accumulation process are part of the same interactive socio-economic logic I would like to briefly discuss a metatheoretical problem raised by this issue.

In order to know whether it is most elegant to conceive of capitalism as a singular process which incorporates both economic and political dynamics, or, on the other hand, if it is more powerful to emphasize the autonomy of these processes, we should be able to specify formally and compare a unified theory with a theory which posits separate economic and political subsystems.

Ideally these two theories should have different implications for concrete social change, and for our understanding of the dialectical transformation of capitalism into a qualitatively different system. Unfortunately my argument here does not proceed at this level of theoretical clarity. Rather I only adduce a case for the superiority of a unified theory. But it is important to cast this argument in the context of the attempt to develop the world-system perspective into a formalized theory of capitalist development.

Why have most of the theorists who focus on politics tended to adopt a narrowly historicist approach to capitalist development? Marx made a broad distinction between the growth of the forces of production (technology) which occurs in the capital accumulation process, and the reorganization of social relations of production (class relations, forms of property, and other institutions which structure exploitation and the accumulation process). Samir Amin (1980a) has applied this broad distinction to the world-system. The widening of the world market and the deepening of commodity production to more and more spheres of life has occurred in conjunction with a series of 40- to 60- year business cycles, the K-wave. The K-wave is associated with "non-economic" political events such as wars, revolutions, etc. This has caused some economists (e.g. Adelman, 1965) to argue that long waves are not really *economic* cycles at all, but are set off by "exogenous" political events.

The causal links between wars, revolutions, and long business cycles are not precisely understood despite a vast literature on K-waves (see Barr, 1979), but Amin (1980a) and Mandel (1980) have made the insightful argument that the accumulation process expands within a certain political framework to the point where that framework is no longer adequate to the scale of world commodity production and distribution. Thus world wars and the rise and fall of hegemonic core powers can be understood as the violent reorganization of production relations on a world scale which allows the accumulation process to adjust to its own contradictions and to begin again on a reorganized political foundation. Political relations among core powers and the colonial empires which are the formal political structure of core/periphery relations are reorganized in a way which allows the increasing internationalization of capitalist production and the spatial shifts which accompany uneven development. The observation that capitalism has always been "international" (and transnational) does not contradict the existence of a long-run increase in the proportion of all production decisions and commodity chains which cross state boundaries – the upward secular trend of the transnationalization of capital.

The above discussion does not establish causal priority between accumulation and political reorganization. But it implies that these are truly interdependent processes. The tendency to a narrowly historicist approach on the part of those who focus on political events may be due to the low predictability of politics and the apparently more direct involvement of human collective rationality in political action. On the other hand, the over-emphasis on determinism and mechanical models on the part of those who focus exclusively on economic processes may be due to the greater regularity of these phenomena and their law-like aggregation of many individual wills seemingly independent of collective intentions.

These perceptions are correct to a considerable extent precisely because capitalism as a system mystifies the social nature of investment decisions by separating the calculation of profit to the enterprise from the calculation of

more general social needs. Anti-capitalist movements have tried to reintegrate economics and politics in practice, but up to now, the expanding scale of the commodity economy has evaded them. The interaction of the world economy and the interstate system is fundamental to an understanding of capitalist development and also to its potential transformation into a more collectively rational system. Neither mechanical determinism nor narrow historicism is useful in this project.

STATES AS PRODUCTION RELATIONS

The critiques of Wallerstein's work mentioned above contain implicit assumptions about the nature of capitalism which tend to conceptualize it as an exclusively "economic" process. Skocpol (1979:22) formulates the issue by arguing that Wallerstein "assumes that individual nation-states are instruments used by economically dominant groups to pursue world-market oriented development at home and international economic advantages abroad." She continues, explaining her own position:

> but a different perspective is adopted here, one which holds that nation-states are, more fundamentally, organizations geared to maintain control of home territories and populations and to undertake actual or potential military competition with other states in the international system. The international states system as a transnational structure of military competition was not originally created by capitalism. Throughout modern world history, it represents an analytically autonomous level of transnational reality – *interdependent* in its structure and dynamics with world capitalism, but not reducible to it. (Emphasis in the original)

Modelski (1978) and Zolberg (1981) argue even more strongly for the autonomy of the interstate system in opposition to what they see as Wallerstein's economic reductionism. These authors raise the important question about the extent to which it is theoretically valuable to conceptualize economic and political processes as independent subsystems, but in so doing they over-simplify Wallerstein's perspective.

Wallerstein's work suggests a reconceptualization of the capitalist mode of production itself such that references to capitalism do not point simply to market-oriented strategies for accumulating surplus value. According to Wallerstein the capitalist mode of production is a system in which groups pursue both political–military goals and profit-making strategies, and the winners are those who effectively combine the two. Thus the interstate system, state-building, and geopolitics are the political side of the capitalist mode of production.

As discussed in chapter 1, Wallerstein argues that a mode of production is a

feature of a whole world-system, not of parts or subunits. His distinction between world-economies and world-empires as different types of world-systems emphasizes important structural differences in formal political organization across economic networks. In Wallerstein's view it is very important that modern capitalism became dominant in the context of an interstate system of competing states. This view is shared by many other analysts of the rise of the West, who focus on the decentralized features of European feudalism which were conducive to the emergence of a strong commodity-producing economy. In the more centralized world-empires the logic of the tributary mode of production was able to fend off the emergence of capitalism.

Max Weber was most explicit about the connection betwen capitalism and the competitive interstate system. Inspired by Leopold von Ranke's study of early European states[4] (von Ranke, 1887; see Weber, 1978:354) Weber added the interstate system to his list of necessary structural conditions for the emergence and reproduction of modern capitalism (see R. Collins, 1986: chapter 2). After mentioning in his *General Economic History* (Weber, 1981:337) that the European states were "competing national states in a condition of perpetual struggle for power in peace or war," Weber continues:

> This competitive struggle created the largest opportunities for modern western capitalism. The separate states had to compete for mobile capital, which dictated to them the conditions under which it would assist them to power. Out of this alliance of the state with capital, dictated by necessity, arose the national citizen class, the bourgeoisie in the modern sense of the word. Hence it is the closed national state which afforded to capitalism its chance for development – and as long as the national state does not give place to a world empire capitalism also will endure.

In *Economy and Society* Weber elaborates:

> Finally, at the beginning of modern history, the various countries engaged in the struggle for power needed ever more capital for political reasons and because of the expanding money economy. This resulted in that memorable alliance between the rising states and the sought-after and privileged capitalist powers that was a major factor in creating modern capitalism and fully justifies the designation "mercantilist" for the policies of that epoch. . . . At any rate, from that time dates that European competitive struggle between large, approximately equal and purely political structures which has had such a global impact. It is well known that this political competition has remained one of the most important motives of the capitalist protectionism that emerged then and today continues in different forms. Neither the trade nor the monetary policies of the modern states – those policies most closely linked to the

> central interests of the present economic system – can be understood without this peculiar political competition and "equilibrium" among the European states during the last five hundred years – a phenomenon which Ranke recognized in his first work as the world-historical distinctiveness of this era. (1978:353–4)

To this I can only add that the neo-Weberians ought to pay more attention to Weber.

Some Marxists, such as Colin Barker (1978) also recognize that the political basis of capitalism is not the state but the interstate system. Particular states vary in their emphasis on political–military aggrandizement or free market accumulating depending, in part, on their position in the larger system. And the system as a whole alternates between periods in which there is greater emphasis on competition based on state power versus periods in which a relatively freer world market of price competition comes to the fore (see chapter 13).

Core states with a clear competitive advantage in production are usually the most enthusiastic advocates of free trade. And, similarly, peripheral states under the control of peripheral capitalist producers of low wage goods for export to the core usually support the "open economy" of free international exchange. As Stephen Krasner (1976) points out, smaller core states heavily dependent on international trade also tend to support a liberal economic order. Semiperipheral states and larger second tier core states contending for hegemony utilize tariff protectionism and mercantilist monopoly to protect and expand their access to world surplus value. Periods of rapid worldwide economic growth are generally characterized by a relatively unobstructed world market of commodity exchange as the interests of consumers in low prices come to outweigh the interests of producers in protection (Chase-Dunn, 1980). In periods of stagnation protectionism is more frequently utilized to protect shares of the diminishing pie.

According to the model proposed in chapter 1, the capitalist mode of production includes commodity producers employing both wage labor in the core areas and coerced labor in the peripheral areas. Peripheral areas are not seen as "precapitalist" but rather as integrated, exploited, and essential parts of the larger system. Capitalist production relations, in this view, are not limited to wage labor (which is nevertheless understood to be very important to the expanded reproduction of the core areas) but rather production relations are composed of the articulation of wage labor with coerced labor in the periphery. This articulation is accomplished not only by the world market exchange of commodities, but also by the forms of political coercion which the core powers often exercise over peripheral areas. The direct and indirect use of political–military power by core states is emphasized by James Petras et al. (1981) as the most central way in which imperialism operates to constrain

political action in peripheral areas. Petras's research clearly reveals the operation of this kind of coercive power, and its importance is without doubt. Albert Bergesen (1983) in combating charges that the world-system perspective is "circulationist" (i.e. a theory based on relations of exchange rather than class relations of production) has emphasized the importance of colonialism, core ownership, and other direct forms of control.

The states, and the system of competing states, which compose the world polity, constitute the basic structural support for capitalist production relations. Marx saw that the state stood behind the opaque exploitation of wage labor by capital in nineteenth-century England. The much more direct and obvious involvement of the state in the extraction of peripheral surplus value from slave labor or serf labor was another important way in which the state was essential to production relations. And this kind of direct political coercion over labor continues to operate under different forms within the contemporary periphery, and in core/periphery relations. The power of core states reinforces the commodified capital/wage labor relationship in the core, the coerced labor extraction in the periphery, and the extra-economic forms of exploitation between the core and the periphery. This constitutes the basis of production relations for the capitalist system.

States are the organizations which are often utilized by the classes that control them to help appropriate shares of the world surplus value. Market forces are either reinforced or regulated depending on the world market position of the classes controlling a particular state. When I say "classes that control the state" I am including state managers. I am not a vulgar instrumentalist arguing that the state is simply the executive committee of the bourgeoisie. The extent to which business interests directly control a state apparatus versus a situation in which state managers successfully achieve a certain autonomy by balancing different economic interests is an important variable characteristic of states.

Richard Rubinson (1978) has made the important point that state managers are most capable of effectively pursuing a policy of national development and upward mobility in the world-system when there is a considerable convergence of political interests within the dominant class in a nation. This clarifies an issue which is posed by the "relative autonomy" theorists, who ask whether or not the state represents the "general interests" of capital. As Barker (1978) reminds us, the world capitalist class exhibits a high degree of intraclass competition and conflict. There is no single world capitalist state to represent the interests of capital as a whole, so the various national states represent the interests of subgroups of capital. The extent to which they do this effectively depends on the degree to which the interests of the subgroups within a state converge or diverge as a consequence of their market position and options within the larger world economy. Fred Block (1978) reminds us that state managers are often able to expand the capabilities of the state in

response to the demands of workers and peasants, and thus states not only come to institutionalize the interests of capitalists, but also, especially in the core, they take on redistributive functions which benefit workers.

Both political organizations and economic producers are subjected to a long-run "competing down" process in the capitalist world-economy, whereas in the ancient empires the monopoly of violence held by a single center minimized both market and political competition between different organizational forms. This accounts for the much more rapid transformation of both production technology and political organization by capitalism. State structures themselves are submitted to a political version of the "competing down" process which subjects firms to price competition in the realm of the market. Inefficient state structures, ones that tax their citizens too heavily or do not spend their revenues in ways which facilitate political–economic competition in the world-economy, lose the struggle for domination. In Marxist theoretical terms, the interstate system produces an equalization of surplus profits, the profits which return due to the use of political power to enforce local monopolies. There are no core-wide monopolies. Even the largest organizations (both states and firms) are subjected to the pressures of political–economic competition.

THE EMERGENCE OF CAPITALISM AND THE INTERSTATE SYSTEM

It has been pointed out by Zolberg (1981) and many others (e.g. Ekholm and Friedman, 1982) that not all precapitalist world-systems were world-empires. Wallerstein's discussion implies that earlier world-economies were short-lived, tending to either dissolve into economically delinked local systems or to experience empire formation. But Ekholm and Friedman (1982) have noted that many ancient world-systems had interstate systems which were quite stable in the sense that a balance of power mechanism operated to prevent empire formation for rather long periods. Their most important example is the Sumerian world-economy of city states, but others have described rather stable interstate systems in ancient China (Walker, 1953) and ancient India (Modelski, 1964).

The fact that there have been long-lived interstate systems prior to the emergence of the European world-economy raises the question of whether or not these were structurally or behaviorally different. Clearly the normative rules of diplomacy were different (see Modelski, 1964), but it is unclear if these are important determinants of the dynamics of an interstate system. A comparative study of interstate systems which employs a world-system perspective could perhaps answer this question, but such a study has not yet been done (see Chase-Dunn, 1986). My guess is that the most important difference between ancient and modern interstate systems is the nature of the

competition among states, and therefore the substantive content of state policies. The modern interstate system is composed mostly of states which are significantly controlled by capitalists, which means that the goals of market protection and expansion constitute a larger proportion of state action than in precapitalist interstate systems. This characteristic probably also leads to other differences. It is likely that threatened hegemons in ancient interstate systems engaged in a policy of empire-formation, while in the capitalist world-economy this does not happen.

Feudalism is another type of precapitalist system which is not a world-empire. Zolberg (1981) is correct to point out that classical European feudalism (i.e. around the ninth century) was not a world-empire, but additionally it was a very strange kind of world-system. As a devolved residue of the Roman world-empire classical European feudalism was characterized by a regional political and cultural matrix organized across an economy which was almost completely delinked into self-subsistent manors. The medieval states were so weak that in most places most of the time the lord of each manor constituted a mini-state. Anderson (1974a) and many others have pointed out that it was the "parcellization of sovereignty" within this very decentralized system which allowed the capitalist mode of production to expand in institutional interstices, and to begin to dominate exchange, production, and politics.

The growth of commodity production for both local, urban/rural, and long-distance exchange was stimulated by the limitations of the manorial economy and the opportunities for profit-making presented by a system which had little regional political ability to regulate production and exchange. The constitution of cities as relatively autonomous elements within the segmented matrix of manors enabled merchants and artisans to obtain "state power" within a jurisdiction (the medieval city) which could then be used to legitimate and militarily back capitalist exchange and production. The fact that successful cities soon tried to protect their market advantages with politically guaranteed monopolies simply drove the market economy to expand elsewhere and to increase its spatial dimensions. This process of capitalist urban growth also spurred the strengthening of the nation state, as kings were able to gain resources from capitalists to use against recalcitrant local lords. Thus the nation states and the European interstate system came into existence. It was the dynamic of mercantile and commodity production competition between both state and private enterprises in the long sixteenth century, together with the emergence of a core/periphery hierarchy, which led Wallerstein to argue that the capitalist world-system was then born.

Anderson (1974b) insists that absolutism, the formation of strong centralized monarchies, was primarily an expression of feudal reorganization in the face of the crisis of feudalism in Western Europe. In Eastern Europe, according to Anderson, state-formation was a response to the formation of a

militarily threatening international state system emanating from Western Europe. His emphasis downplays the role which the growth of commodity production and the emergent core/periphery division of labor between East and West played in the formation and extension of the European interstate system. He subsumes mercantilist international policy and state-sponsored development of crucial sectors of production into his complex definition of "absolutism." I would argue that these developments can be better understood as variants of state capitalism which were appropriate to the first epoch of the capitalist world-economy.

In the competitive interstate system it has been impossible for any single state to monopolize the entire world market, and to maintain hegemony indefinitely. Hegemonic core powers, such as Britain and the United States, have in the long run lost their relative dominance to more efficient producers. This means that, unlike the agrarian empires, success in the capitalist world-system is based on a combination of effective state power and competitive advantage in production. The extraction of surplus value stands on two legs: the ability to use political power to protect (and expand) profitable commodity production; and the ability to produce efficiently for the competitive world economy. This is not the statecentric system which some analysts describe, because states cannot escape, for long, the competitive forces of the world economy. States that attempt to cut themselves off or who overtax their domestic producers condemn themselves to marginality. On the other hand, the system is not simply a free world market of competing producers. The successful combination of political power and competitive advantage in production is a delicate balance.

There have been important differences among European states in terms of the strategies of development that they have followed. Some have relied more on continental military advantage and centralized fiscal structures while others, the more successful ones, have employed a low overhead policy of strategic protection of the vital business interests of their national capitalists. Again, I don't claim that all states equally employ a policy of support for their capitalists. Frederic Lane's (1979) concept of protection rent is again relevant here. Some states provide effective protection at or near "cost" and allow the profitable expansion of the businesses under their protection. Others are less efficient and promote less economic growth even though they may be quite able to extract taxes from their own citizens. All states pursue both military and market objectives, but the mix differs. What makes the game differ from precapitalist systems is the relatively larger proportion of the sum of all efforts which is devoted to strategies of profit-taking rather than tribute-taking.

The most successful core states have achieved their hegemony by having strong and convergent business class interests which unified state policy behind a sustained drive for successful commodity production and trade in the world economy. Second-runners have often achieved some centrality in the world economy by relying on a more directly state-organized effort to catch up with the hegemonic state.

It could be argued that the existence of states which successfully follow a more political–military development path is evidence in favor of the thesis that geopolitical and economic processes operate independently. The existence of such a development path is unquestionable (e.g. Prussia, Sweden, Japan, USSR) but the upward mobility of these states was certainly conditioned by its context, a world-economy in which commodity production and capitalist accumulation were becoming general. If *all* states had followed such a path the modern world-system would be a very different kind of entity. It is argued below that the reproduction and expansion of the kind of interstate system which emerged in Europe *requires* the institutional forms and dynamic processes which are associated with commodity production and capitalist accumulation. First, though, let us discuss the ways in which the interstate system helps to preserve the dynamics of the capitalist process of accumulation.

THE REPRODUCTION OF CAPITALIST ACCUMULATION

There are several ways in which the competitive interstate system allows the capitalist accumulation process to temporarily overcome the contradictions it creates, and to expand. The balance of power in the interstate system prevents any single state from controlling the world-economy, and from imposing a political monopoly over accumulation. This means that "factors of production" cannot be politically controlled to the degree that they could be if there were an overarching world state. Capital is subjected to some controls by states, but it can still flow from areas where profits are low to areas where profits are higher. This allows capital to escape most of the political claims which exploited classes attempt to impose on it. If workers are successful in creating unions which enable them to demand higher wages, or if communities demand that corporations spend more money on pollution controls, capital can usually escape these demands by moving to areas where opposition is weaker. This process of "capital flight" can also be seen to operate inside of countries with federal states.

Class struggles are most often oriented toward and constrained within particular territorial state structures. Thus the interstate system provides the political underpinning of the mobility of capital, and also the institutional basis for the continuing expansion of capitalist development. States which successfully prevent domestic capital from emigrating do not necessarily solve this problem, because foreign competitors are likely to take advantage of the less costly production opportunities outside the national boundaries, and thus push the domestic products out of the international market.[5]

The implication of the above is that capitalism is not possible in the context of a single world state, as Weber claimed. The transformation of the interstate system into a world state would eventually develop the political regulation of resource allocation. If this world state were socialist it would more regularly and fully include social desiderata in the calculation of investment decisions. The dynamic of the present system, in which profit criteria and national power are the main controllers of the use of resources, would eventually be transformed into a system in which development combines efficiency with a calculation of the individual and collective use values of human society. Such a collectively rational system would not constitute a utopia in which the problems of production and distribution would be completely solved, but the political struggles for resources which would be oriented toward a single overarching world government would exhibit a very different long-run dynamic of political change and economic development than that which has characterized the capitalist world-economy.

Of course this is an optimistic assessment. It is also possible that world state formation would bring about a transformation to a new version of the tributary mode of production. Both socialism and the tributary modes utilize primarily political means of accumulation, but the tributary modes employ large amounts of coercion, while socialism produces, distributes, and invests democratically. Either way though, capitalism would no longer be the dominant mode of production.

CAPITALIST REPRODUCTION OF THE INTERSTATE SYSTEM

Thus the interstate system is important for the continued viability of the capitalist accumulation process. But is the accumulation process equally as important for the generation and reproduction of the interstate system? First, what do I mean by reproduction of the interstate system? I am not making fine distinctions between types of interstate systems such as those introduced by Partha Chatterjee (1975). By an interstate system I mean a system of unequally powerful and competing states in which no single state is capable of imposing control on all others. These states are in interaction with one another through a set of shifting alliances and wars. Changes in the relative power of states upset any temporary set of alliances leading to a restructuring of the balance of power. When is such a system not reproduced? If an interstate system either:

1 disintegrates due to the dissolution of the individual states;
2 dramatically reduces to nearly zero the amount of material exchange and political–military interaction among the states; or
3 becomes dominated by a single overarching state,

the system can be said to have fundamentally changed (i.e. it has been transformed, not reproduced). In this definition the stages of classical, imperial, bipolar, and "contemporary" interstate systems identified by Chatterjee are subsumed into a single broad type which is nevertheless quite different from the precapitalist agrarian empires or the economically self-subsistent and "stateless" system which existed in feudal Europe.

WHICH CAME FIRST?

Skocpol (1979) contends that the European interstate system predates the emergence of capitalism[6] and she implies that this is evidence of its relative autonomy.[7] No one denies that states predate capitalism. At issue is the genesis of a dynamic interstate system which is self-reproducing rather than a transitional stage on the way toward empire-formation. It is clearly the case that multistate systems exhibiting some of the characteristics of the European interstate system existed prior to the emergence of the dominant capitalist mode of production. The multicentric "international system" which developed among the Italian city states and their trade partners in the East and West invented many of the institutions of diplomacy and shifting alliance which were later adopted by the European states. As Lane says of the sixteenth century: "The Italian state system was being expanded into a European state system" (1973:241). While this constitutes prior development, it may not be evidence in favor of the autonomy of the interstate system, as we shall see.

Many of the capitalistic financial and legal institutions later elaborated in the European capitalist world-economy were invented in the Italian city states. The Christian Mediterranean was part of an interstitial protocapitalist regional economy. Analogous to Marx's analysis of merchant capitalism, the Mediterranean regional economy, though developing the seeds of capitalist production with labor as a commodity, was primarily based on the exchange of "unequals" between social systems which were not integrated into a single commodity economy.[8] Nevertheless this protocapitalist regional economy succeeded in developing several institutional features which were only later fully elaborated in the capitalist world-economy which emerged in Europe and Latin America in the long sixteenth century. One of these was the interstate system which, as Zolberg (1981) agrees, only became stably formed after its emergence in Europe.

But doesn't the continuity of the Italian interstate system, and its failure to develop into a world-empire, constitute a case for the independence of the interstate system? Two factors militate against this conclusion. The states of the Italian system were already rather capitalistic, thus explaining the weakness of attempts at empire-formation, and the Italian system became incorporated into the larger European world-economy, which was already

becoming dominated by production capitalism in the sixteenth century.

I am not arguing that capitalist institutions are the only factors which enable an interstate system to resist empire-formation. It is likely that a common cultural matrix also works against empire-formation by facilitating the diffusion of military and other technologies, and thus maintaining a relatively equal distribution of power among contending core states. The European system shared this feature (an interstate common cultural matrix) with earlier long-lived interstate systems such as those in ancient Mesopotamia, China, and India (Mann, 1986). Nevertheless the widespread existence of capitalist institutions such as international markets, money, banking, and opportunities for investment further stabilize an interstate system by inhibiting efforts at empire formation.

Skocpol's contention about the prior emergence of the interstate system also receives support from Anderson's (1974b) interpretation of the rise of absolutist states in Western and Eastern Europe. But this contention rides on one's definition of capitalism. Anderson holds with the school which sees the "fully formed capitalist mode of production" as becoming dominant only in the eighteenth century. Wallerstein's interpretation contends that "agrarian" capitalism became dominant in the long sixteenth century. Anderson's interpretation of the absolutist states in formation downplays the importance of capitalist production in the growing cities of feudal Europe and ignores the "protoindustrial" emergence of agricultural and artisan production for the market in rural areas (see Kriedte, et al., 1981).

Wallerstein's interpretation implies that the capitalist mode of production became the most important stimulus for change well before the "bourgeois revolutions" in which explicitly capitalist interests came to power in nation states. Anderson's account does not deny the importance, especially in the West, of the emergence of bourgeois sources of power and financial support, but he chooses to call the cup half empty instead of half full. His discussion of state formation in Eastern Europe correctly identifies the extent to which it was reactive to the competitive and aggressive interstate system which emerged first in the West. He ignores, however, the importance of the developing core/periphery division of labor for the shifts in class structure which influenced state formation in the East.

AN OUTSIDE ALLIANCE

One clue to the dependence or independence of the interstate system is its ability to reproduce itself, or to weather crises without becoming transformed into either a world-empire or experiencing disintegration of its network of international economic exchange. Wallerstein's analysis of the effort by the Habsburgs to transform the still shaky sixteenth-century capitalist world-economy into a world-empire (1974:164–221) demonstrates the importance of capitalism in reproducing the interstate system. I will discuss the later points at which similar challenges to the interstate system were mounted (Louis XIV's wars, the Napoleonic wars, and the twentieth-century world wars) and the causes of continuity of the interstate system, but first I want to consider another point made by Zolberg (1981).

Zolberg argues that the European interstate system occasionally incorporated powers that were outside the capitalist world-economy into alliances which affected the outcome of politico-military struggle. His main example is the alliance between France and the Ottoman Empire against the house of Habsburg. Wallerstein argues that the Ottoman Empire was itself a separate world-system, an "external arena" outside of the economic network that was the European world-economy until the nineteenth century. Zolberg contends that the French–Ottoman alliance, which was important in France's ability to resist the Habsburgs' move to enclose the emerging European world-economy within a single overarching empire, proves the autonomy of the interstate system. It is true that this alliance, and other less important ones between European states and states located in areas outside the European-centered division of labor, affected the course of development of the modern world-system. It may even be true that without this crucial outside alliance the emergence of core capitalism in Europe would have been long postponed.

Once again this shows that the interstate system was important for the survival and growth of international capitalism. On this there is little disagreement. But what would have happened to the European interstate system if international capitalism had been encompassed by the Habsburg empire? Obviously both international capitalism and the interstate system would have been transformed into a world-empire, and probably one in which capitalism as a mode of production was subordinated to the logic of imperial tribute and taxation. Though I agree that capitalism had become dominant over the logic of the tributary mode of production in the long sixteenth century it is obvious that its domination in that first epoch was somewhat shaky. The attempt to convert the nascent capitalist world-system into a tributary world-empire was stemmed, not by the institutional strength of capitalism alone, but in conjunction with the somewhat fortuitous alliance between the French and an "outside" power, the Ottoman Turks.

As we shall see below, later challenges to the interstate system were undercut by the logic of international capitalism alone. Zolberg is right in pointing to the French–Ottoman alliance as evidence of the importance of the interstate system, but in later challenges it was the strengthened institutions of international capitalism by themselves that prevented the interstate system from becoming a world-empire.

Another reason why Zolberg argues for the existence of an autonomous logic of the interstate system is his confusion over the difference between

colonial empires and world-empires. It is perfectly correct that core states engage in imperialism in the sense of using military power to dominate parts of the periphery. These colonial empires expand cyclically with the growth of the modern world-system (Bergesen and Schoenberg, 1980). But this phenomenon is very different from the imposition of a single state over the whole system, including other core states.

MORE RECENT CHALLENGES

The European world-system became a global world-system in a series of waves of expansion which eventually incorporated all the territories and peoples of the earth. Although political–military alliances with states external to the system occurred after the sixteenth century, they were never again so crucial to the survival and development of capitalism as was the French–Ottoman alliance. But the capitalist world-economy continued to face challenges of survival based on its own internal contradictions. Uneven economic development and the vast expansion of productive forces outstripped the structure of political power, causing violent reorganizations of the interstate system (world wars) to accommodate new levels of economic development. This process can be seen in the sequence of core competition, the rise and fall of hegemonic core states, which has accompanied the expansion and deepening of the capitalist mode of production (see chapter 9).

After the failure of the Habsburgs there have been three other efforts to impose a world-empire on the capitalist world-economy: those of France under Louis XIV and Napoleon, and that of Germany and its allies in the twentieth century world wars (Dehio, 1962; Toynbee, 1967). Each of these came in a period when the hegemonic core power was weak. Louis XIV tried to extend his monarchy over the whole of the core powers during the decline of Dutch hegemony. Napoleon's effort came while Britain was still emerging to hegemonic status. The German attempts came after Britain's decline and before the full emergence of the United States. These three instances constituted threats to the existence of the interstate system and to the capitalist world-economy.

WHY HEGEMONS DON'T TRY IMPERIUM

It may be argued that one or another of these did not really constitute a serious effort at imperium. There has been much dispute about German intentions in World War I (see Fischer, 1967, and his critics) but the real issue is not intentions, but the structural consequences which a German victory would have had for the interstate system. If the balance of power

system, and thus the multicentric nature of the core, could have survived such a victory, then these events did not represent real threats to the interstate system as such, but merely a challenge to the extant balance of power. If none of these efforts presented a real possibility of world imperium (i.e. the formation of a core state large enough to end the operation of the balance of power system) we must ask why there have been no strong challenges to the interstate system since the Habsburgs.

Some authors imply that the size of the European states has been limited by the range of effective territorial control, but this cannot explain the absence of empire formation in Europe. After all, the Roman Empire, using obviously more limited military technology, ruled most of the territory later occupied by the core states of the European world-economy. The mode of production greatly effects optimalities of state size and the tendencies toward empire formation.

It is the dynamic of uneven development of capitalism which systematically undercuts the possibilities for empire-formation, thus reproducing the interstate system. One of the striking things about these ineffective challenges to the interstate system is that they were not perpetrated by the hegemonic core powers themselves, but rather by emerging second runners among the competing core states. This raises the question of why hegemonic core powers do not try to impose imperium when it becomes obvious that their competitive advantage in commodity production is waning. Similarly we may ask, as Zolberg did of the sixteenth century, why opposing forces were able to prevent the conversion of the system into a single empire. To both of these questions I would answer that it is the transnational structures associated with the capitalist commodity economy which operated to tip the balance in favor of preserving the interstate system.

Hegemonic core states often use state power to enforce the interests of their "own" producers, although typically they do not rely on it as heavily as other competing core states. But, when a hegemonic core power begins to lose its competitive edge in production because of the spread of production techniques and differential labor costs, capital is exported from the declining hegemonic core state to areas where profit rates are higher. This reduces the level at which the capitalists within the hegemonic core state will support the "economic nationalism" of their home state. Their interests come to be spread across the core. Another way to say this is that hegemonic core states develop subgroups of their capitalist classes having divergent interests; there comes to be a group of "international capitalists" who support free trade, and a group of "national capitalists" who seek tariff protection. This explains the ambivalent, contradictory, and zigzagging policies of hegemonic core powers during the periods of their decline (Goldfrank, 1977; see also chapter 9 below).

Schumpeter (1955) pointed to the lack of patriotism shown by many capitalists[9] as proof that capitalism itself is a peace-loving system. He claimed

that modern warfare is caused by atavistic survivals of the precapitalist era which periodically grip the world and lead to violent destruction on a massive scale. It is important to distinguish between capitalism as a system and the sentiments of those who make investment decisions. While some capitalists may be peace-loving, it is the export of investment capital to other core states during hegemonic decline which is the major factor which explains why hegemonic core states do not try to impose imperium. And it is the reproduction of the interstate system, which presumes the legitimacy of warfare, that guarantees recurrent bouts of violent destruction.

WHY DO CHALLENGES FAIL?

Why have the second-running core powers who have sought to impose imperium on the world-economy failed? Most theorists of the interstate system have not addressed this question as such. The balance of power idea explains why, in a multicentric system, alliances between the most powerful actors weaken. Coalitions in a triad, for example, balance the power by allying the two weakest actors against the strongest. But this alliance falls apart when the stronger of the partners gains enough to become the strongest single actor (hegemon) because the weaker power can gain more by allying with the declining former hegemon than by sticking to the original alliance. This simple game theory is extended to the interstate system by the theorists of power equilibrium, but it does not answer our question substantively. Again, in the modern world-system it is not the most powerful actor that tries to impose imperium, but rather upwardly mobile second runners with less than their "fair" share of political influence over weaker areas of the globe. Organski's (1968) theory explains why these second runners try, but not why they fail.[10]

Of course one might employ strictly historical explanations which make use of unique conjunctural factors, a theoretical maneuver (or rather an atheoretical maneuver) which is easy to accomplish when one is explaining only four "events." Here we seek an explanation of what seems to be a regularity of the world-system based on our hypotheses about its deep structural logic.

Morganthau (1952) invokes the notion of a normatively organized liberal world culture which successfully mobilizes counterforce against the threat to the balance of power system. This conceptualization of a normatively integrated world-system has already been described and critiqued in chapter 5. While I do not deny that some normative patterns are generalized across the system, I emphasize the fact that culture tends to follow state boundaries and that the larger system remains significantly multicultural. From this perspective it is far fetched to explain the failure of empire-formation in terms

of commitment to internationally shared norms.

Craig Murphy (personal communication) contends that another reason why hegemonic core powers do not try to impose imperium on the whole system is the enlightened view of certain core statesmen that the multistate system is necessary for the survival of capitalism. Disraeli is suggested as an example. This type of consciousness can be understood as a response to the dispersion of investment capital and consumer interests which accompanies the declining hegemony of the leading core state. I doubt that liberal internationalist ideology plays much of an independent role in the reproduction of the interstate system.

On the other hand, I have suggested above that interstate systems in which the states share a consensual regional culture are more likely to resist empire-formation because new organizational and military technologies will rapidly diffuse and maintain rough power equality among the contending core states. This explanation does not invoke normative integration (the regulation of behavior by consensual belief in rules), nor is it dependent on the specific content of cultural forms. It simply argues that information is more likely to flow across state boundaries when the states have somewhat similar ideological and cultural systems. Such a condition existed among the core states of the European world-system and this could have partly explained the failure of empire-formation in Europe.

It is my argument, however, that both the attempts at and the failures of world imperium can be primarily explained as reactive responses to the pressures of uneven development in the world-economy. We have already noted that the attempts were fomented, not by the most powerful states in the system, but rather by emerging second-tier core powers contending for hegemony. One striking thing about all four cases is that they appear, in retrospect, to have been wildly irrational. The countries who adopted the strategy of aggrandizement reached far beyond their own capacities, and failed to generate sufficient support from allied countries.

I agree with Modelski (1978) that the predominantly land-oriented continental expansionism of the French monarchy was not a strategy which could lead to hegemony in the capitalist world-economy. It is notable that the overhead costs of purely geopolitical expansionism (Oliver Cox's (1959) "Florentine model" of domination) could not successfully compete with the low overhead strategy of allowing a more decentralized political system to bear the costs of administration while surplus value appropriation is accomplished by trade. It was this "Venetian model" (Cox again) which was followed by the states which became hegemonic core powers (Netherlands, Britain, and the United States) while the land-oriented political centralizers have been relegated to the role of second-runners among the core states.

Why didn't the French or German attempts at imperium receive more support? Probably in part because potential allies doubted the extent to which

their interests would be protected under the new imperium, and because the path of capitalist growth in the context of the multicentric system appeared preferable to the emerging bourgeoisies of potential allied states.

If I am correct, the interstate system is dependent on the institutions and opportunities presented by the world market for its survival. There are two main characteristics of the interstate system which need to be sustained: the division of sovereignty in the core (interimperial rivalry) and the maintenance of a network of exchange among the states. The commodified nature of the capitalist world-economy assures that states will continue to exchange due to natural and socially created comparative advantages in production. Withdrawal from the world market can be accomplished for short periods of time but it is costly and unstable. Even the "socialist" states which have tried to establish a separate mode of production have eventually returned to production for and exchange with the larger commodity market.

The maintenance of interimperial rivalry is facilitated by a number of institutional processes. At any point in time national sentiments, language and cultural differences make supranational integration difficult, as is well illustrated by the EEC. These "historical" factors may be traced back to the long-run processes of state-formation and nation-building, and these processes have themselves been conditioned by the emergence of the commodity economy over the past 500 years.

But the main institutional feature of the world-economy which maintains interimperial rivalry is the uneven nature of capitalist economic development. As discussed above, hegemonic core powers lose their competitive advantage in production to other areas and this causes the export of capital, which restrains the hegemon from attempting to impose political imperium. Second-running challengers, who may try to impose imperium, cannot gain sufficient support from other core allies to win, or at least they have not historically been able to do so. This is in part because the potential for further expansion and deepening of the commodity economy, and development in the context of a decentralized interstate system, appears greater to potential allies than the potential for political and economic power within the proposed imperium. Success stories in the development history of the interstate system are frequent enough to undermine empire-formation.

Now let us further consider the ways in which the transnational institutions of capitalism interact with geopolitics to reproduce the interstate system.

8

Warfare and World-systems

Part of this chapter is a response to William R. Thompson's (1983c) valuable criticism of an earlier version of chapter 7. The issues raised by Thompson's article are addressed and a problem on which his analysis is conspicuously silent is considered. Thompson's discussion fails to address the argument that the reproduction of the interstate system is due to the operation of specific institutions characteristic of a capitalist mode of production. His comparison of generally "political," as opposed to "economic," variables ignores the role of historically specific economic institutions such as commodity production, wage labor, commodified wealth, and capital in the dynamics of the modern interstate system. I shall make further comparisons of the modern capitalist world-economy to precapitalist world-empires and world-economies in order to demonstrate the importance of capitalist institutions for the reproduction of the modern interstate system. In addition I will examine the arguments and research on the relationship between the long economic wave (K-wave) and world wars.

Thompson and George Modelski (1978; see also Modelski and Thompson, 1988) have contributed theorization and important research to the study of the modern world-system. While their conceptualization of that system is somewhat different from mine, they nonetheless recognize it as a hierarchical structure in which unequally powerful nation states contend with one another for position. In this they have moved well beyond the still widely held view that nation states can be understood as either "advanced" or "developing" without regard to the larger context in which they are interacting.

On the other hand both Modelski and Thompson proceed without any discussion of capitalism. They instead focus on the issue of the primacy of either "economic" or "political" variables (Modelski, 1982; Thompson, 1983c). While this may be a convenient shorthand, an understanding of the

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